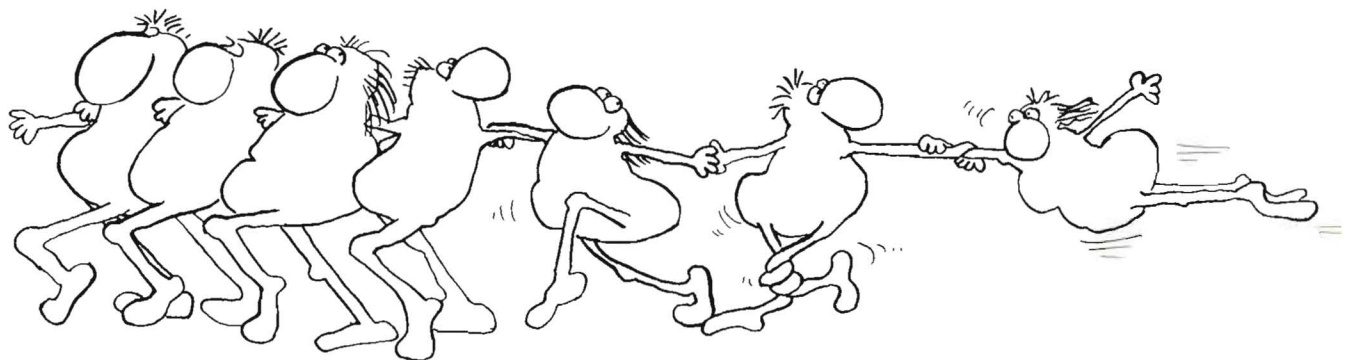


**CO-OPERATIVES:**

**Working**

**Another**

**Way**



# **So You Want To Start An Employment Co-operative ?**



## WHAT'S A CO-OPERATIVE?

The Co-operative idea began to emerge broadly in Europe in the early 19th century, sprouting mainly from the philosophies of Robert Owen in England and Phillipe Buchez in France. It was principally a reaction to the harsh conditions of the Industrial Revolution, as the desire grew for an alternative form of industrial organisation.

The foundation in 1844 of the Rochdale Society of Equitable Pioneers, is generally noted as the beginning of the modern co-operative Movement. A group of 28 people set up a general store in Rochdale and developed a set of principles which still form the basis of the 6 principles adopted by the International Co-operative Alliance —

1. Open Membership; membership should be voluntary and open to any person willing to accept responsibility of membership.
2. One member, one vote: Co-operatives are to be administered by people elected or appointed by members and have to be accountable to them.
3. Operational surplus, if any, is to be distributed for the benefit of members in proportion to their labour, not capital input.
4. Interest payable on shares should be limited.

5. Co-operatives should provide for the education of members, in principles and techniques of co-operation.

6. Co-operatives should actively co-operate with other co-operatives.

The period 1874-1905 was one of rapid expansion, as the number of producer co-operatives increased from 13 in 1874, to 109 in 1905. The 20th century, however, saw a decline in co-operatives due to emerging economic conditions, but there has recently been a new interest emerging.

Many people locally and elsewhere are turning to the idea of an employment co-operatives — especially for young people — as a reaction to unemployment, as an alternative work structure, and for a variety of other social, personal and ideological reasons. It is easy to get carried away, however, with the ideological component without getting down to the pragmatics of what a co-operative actually is, and what it means.

In reality it might be worthwhile beginning with a few questions about your own social, political, ideological and economic expectations from the formation of a co-operative, and whether these can be realistically met in view of the legal contours within which co-ops must work.

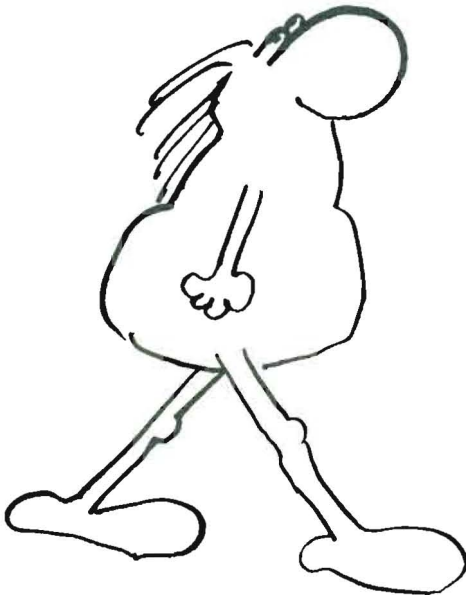


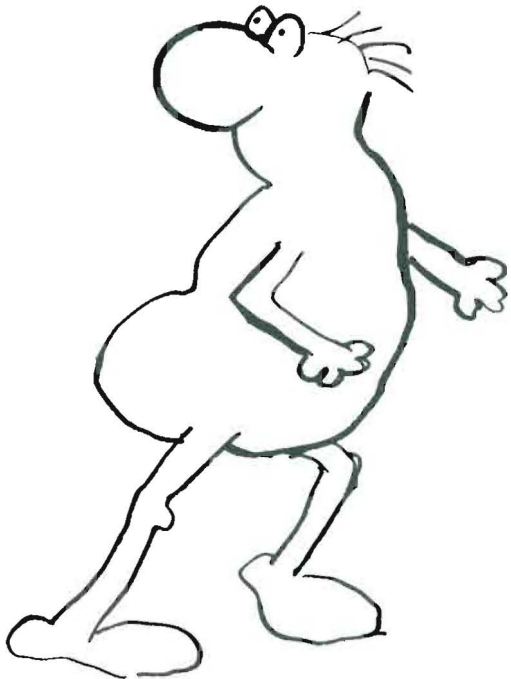


## GOVERNMENT RESPONSE

In December, 1978, Premier Hamer announced that the government was prepared to support a limited number of co-operatives as a pilot scheme, which would be reviewed to determine its success in creating employment. In December 1980, the Victorian Employment Committee approved and recommended the adoption of the Co-operative Development Programme (CDP). It should be noted that this scheme is to be reviewed in 1982, therefore its continued existence is uncertain. Co-ops intending to seek funds should be aware of other sources of finance (See pp. 5, 6), and should remember especially, the transitory nature of the Programme.

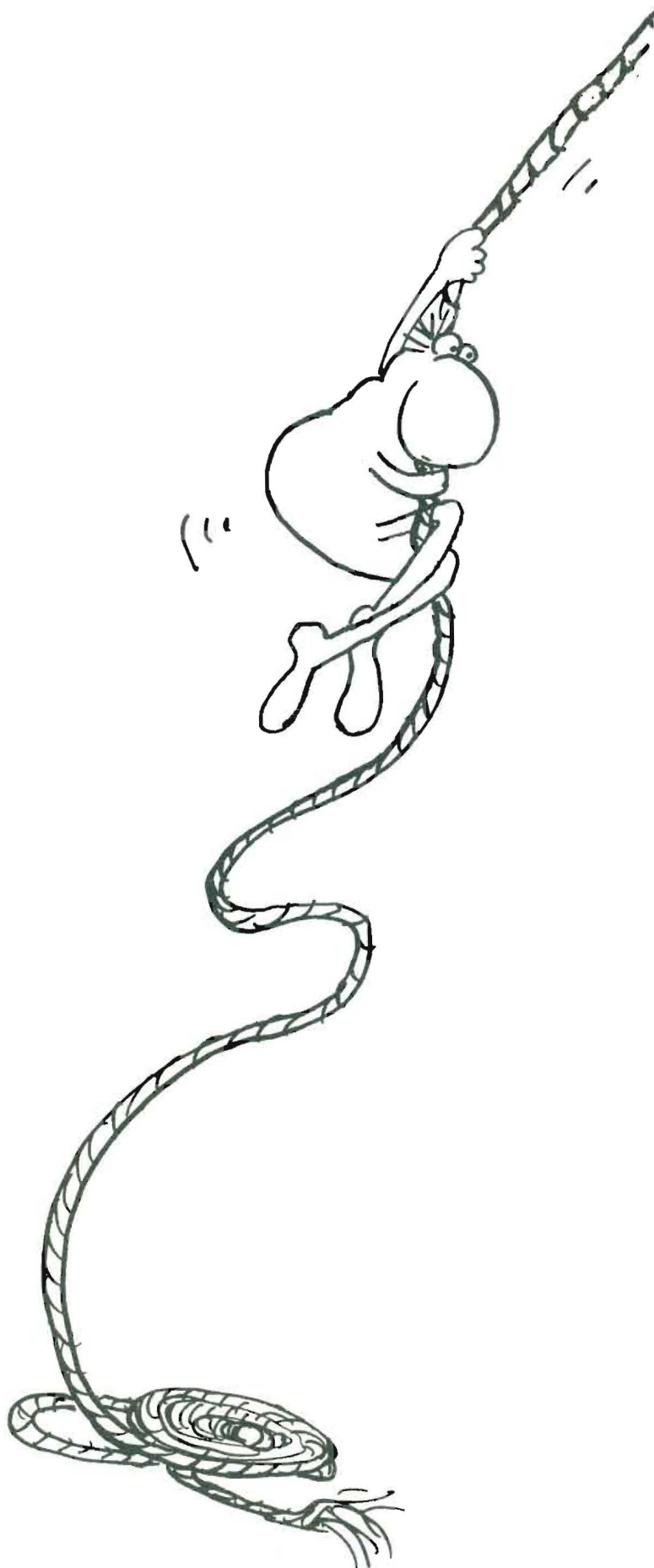
The CDP has specific funding guidelines, which means that the co-operatives have to continue to meet the funding conditions as laid down. These include:

- 
1. Registration — Under the Co-operative Act, 1958, a Co-op has to be registered.
  2. A real understanding of co-operative principles and practice.
  3. Acceptance and observance of all relevant responsibilities as an employer — including environmental and personal safety precautions, correct minimum wages, etc.
  4. Adequate maintenance of financial records supervised by an accountant.
  5. Grants/Loans to be used only for purposes stipulated (although alterations can be approved by the Funding Committee).
  6. All costs must be built into pricing structures — any business venture must be able to cover expenditure with income, and co-operatives are no exception.

7. Acceptance of the need for full accountability to the Funding Committee through reports on board meetings, financial statements.
  8. The demonstrated and continued support and involvement of unemployed, and competent management people.
  9. Capacity and capability to carry out stated objectives in terms of available time and resources.
  10. Capacity to become economically self-sufficient within a three year period.
  11. Acceptance of the need for a feasibility study in the proposed business/market area.
  12. Emphasis on labour; rather than capital intensive activities.
  13. Emphasis on activities which do not compete unfairly with existing businesses.
  14. Nature and future economic relevance of the proposed business venture.
  15. Defined and specific objectives, with an emphasis on a narrow range of products or services to be offered.
- 



## FORMING A CO-OPERATIVE — WHAT TO DO....



The formation of a co-operative from the initial interest to actually starting a business, can be a long and involved process. There is no easy shortcut so it is important that everyone be sure of his/her own commitment. Because of the legal and other requirements and commitments, it is not possible to give a simple ABC of starting a co-operative. The following is therefore an introduction to this process, and it is up to you to improve your own knowledge and to seek the legal expertise necessary.

### 1. Find Out About Co-operatives

As stated previously, there is a lot of misconception about not only what a co-op is, but how it works. The first step is obviously, then to find out about what a co-operative is, how it works, what are the issues relevant to co-ops and so on and so on. There is now quite a lot of literature on employment co-operatives available, and there is a bibliographical guide provided in section 4 of this kit.

### 2. Getting People Interested

Getting started requires getting people interested. A good way to start is to call a public meeting where anyone interested can attend, or to hold a private meeting of already interested people.

It is beneficial to have representatives present from local business, the Small Business Development Corporation and the Co-operative Federation of Victoria.

This is the time to explore why you want to get involved in starting a business. Having discussed the questions and issues, the meeting should then decide whether or not to proceed with a detailed investigation.

People with relevant skills and interest should be appointed to conduct the investigation, and a target date for completion should be set. The committee should explore:

- the need for the business
- products and services
- management needs
- finance
- community resources available
- social relevance and responsibility.

### 3. Products and Services

If the investigation committee decides that there are enough human and other resources available, enough interest and commitment and enough knowledge, it is time to look at what kind of service/products to provide.

To survive, a business should meet local needs and requirements and should have the financial and organisational contribution of all members. It is important then, to locate a product or service which the local community does need, and for which the necessary skills exist in the group.



Things to look at include:

- What to produce/provide
- Are any other businesses providing a similar service/product?
- Where are they located?
- Are they successful?
- What is the demand?
- How will you sell and distribute?
- How to advertise?
- How to package?
- What are the real costs of production?
- What facilities and equipment are needed?
- Financial and practical considerations of obtaining raw materials, a location, and equipment.
- Are there workers available with the necessary skills.

Most importantly, it must be realised that answering these questions will most likely require consulting a solicitor, banker, accountant, potential customers, potential suppliers and distributors, plus other business consultants and interested people.

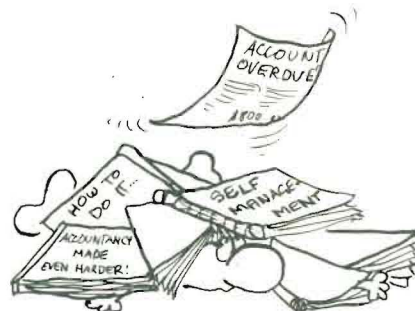
The basis of this report, given considerations to the service/product, market, and organisation of marketing, will enable you to decide whether or not to proceed.

### 4. Management

Any business venture needs skilled management, which means finding capable and competent people who can act as directors and managers. Neither skills nor enthusiasm alone are sufficient. Directors must have ability in long term planning and development, whilst the Manager must be able to manage, have the confidence of both workers and directors, be responsible for day to day operations and co-operate with the Board. Both directors and Manager must be prepared to work long hours, often for little return.

The most important aspect of Management is the question of worker participation and control. Even though workers do participate in a co-operative in other business structures, and the distinction between management and worker is not so clear cut, a decision has to be made as soon as possible to ensure that the structure is relevant to objectives.

- a) **worker control** — business is owned and controlled by workers
- b) **worker participation** — workers participate in ownership and control
- c) A compromise between the two, would be community ownership, and worker control.



### 5. Finance

The basic issue is "Can you afford to start the business?" To determine this you will need to know:

- income needs of those working
- costs of obtaining and maintaining premises
- costs of basic equipment
- time allowed before the business starts generating enough income to cover expenditure
- costs of operating the business.

## Sources of finance

- **Self** — small business owners and shareholders
  - co-operative members
  - trade practices and business arrangements of the business

The more personal finance you can put into the business, the more external finance you will be able to attract.

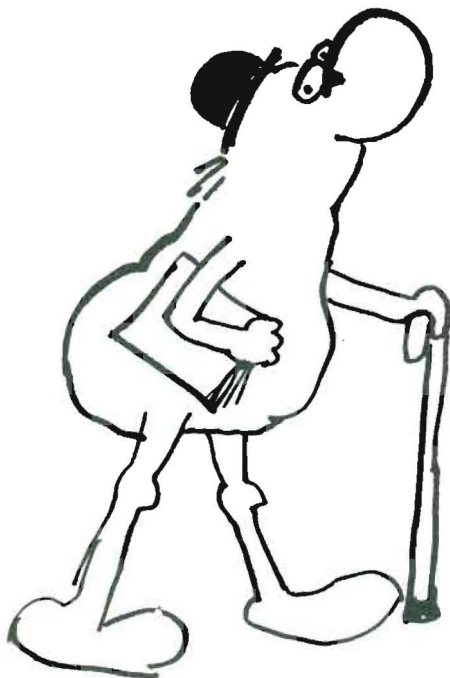
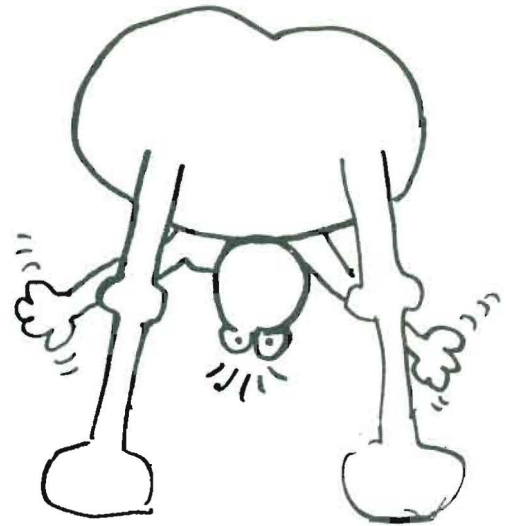
### — Community Fundraising

Particularly when working with or for the unemployed, a co-operative or non-profit company can often gain a substantial amount from community fundraising. Local churches, service clubs, and individuals have been helpful to other co-operatives in the past. Even if direct funding cannot be obtained, the community is often willing to supply facilities and equipment at a very low cost.

- **Public** — Commonwealth, State and Local Government grants and/or loans.

Many government departments offer schemes for which co-operatives may be eligible. These include:

- Department of Economic Development
- Victorian Development and Promotion Corporation, preference schemes for approved decentralised industries
- Community Welfare Services Department
- Small Business Development Corporation
- Forests Commission
- Export Market Development Grants Schemes
- **Philanthropic Trusts** — For a list of trusts see a publication by the Australian Council of Educational Research, *Philanthropic Trusts in Australia*, Third Edition, 1980
- **Private** — Trading Banks, Finance companies, venture capital.



A bank is primarily interested in security before making a loan, and co-operatives often find it difficult, since they are more intent on maximising services rather than profits. Co-operatives seeking finance must therefore have a strong capital base, a history of growth, and a plan for growth.

In all cases of seeking finance, you will need to present accurate and reliable information covering:

- the amount of finance required
- the period for which it is required
- the purpose for which it is being sought
- the financial position of the business

Remember that failure to provide adequate and correct information could mean deferment or outright rejection of your submission.



## 6. Registration

- a) **Name** Once the investigation committee has finished its report, the group should meet again and discuss its contents. A decision is then to be made on what to do next.

If it is decided to go ahead with the business, you must decide on a name which must be registered with the Corporate Affairs Office, 167 Queen Street, Melbourne. You simply obtain an application form from that office, and pay \$20 registration. The name must be renewed every 3 years.

The Corporate Affairs Office will check that your name is not misleading or too similar to another business. Remember that you cannot register your name more than two months before commencing your business.

- b) **As a Co-operative?** If you decide that you want to become a co-operative, you must register with the Registrar of Co-operatives. The Registrar will explain the Co-operation Act and give you relevant information.

You will be asked to submit your "feasibility study", which will principally be the information collected by your investigation committee. A form called the S31 document will then be filled out, covering such information as your intentions, why a co-op, and can it succeed? This document together with your proposed rules should be submitted to the Registrar. It is now time for your Formation Meeting, which must consist of at least 7 prospective members.

## 7. Incorporation

'Incorporation' will have many effects on the way your group operates. Some of these effects will be beneficial, whilst others — particularly responsibilities to fulfill legal requirements with money and procedures, may be a problem.

What is meant by "incorporation as a legal entity?" Traditionally, the kind of society which we're part of places a strong emphasis on the rights of individuals — particularly those pertaining to property. Many issues are raised when legally separate individuals decide to pool resources in a group venture. The two most obvious issues are:

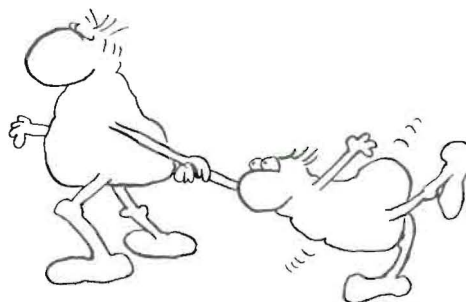
- combining those resources into a unit
- ensuring individual property rights are not lost in the process.

In law, for a group to become a "legal entity", the state agrees to treat the specified individuals as if they were one person, identified by the business name.

This makes it clearer in negotiating contracts with outside parties, since the group (rather than the individuals) takes responsibility. You can specify through *limited liability* where to draw the line between your personal assets and those of the company. Thus if claims are made by creditors (people to whom the group owes money), your private property cannot be included. At the same time, accurate records have to be kept of business transactions, how money is used, how it is made, and to whom it goes.

This is a very superficial account of incorporation and what it means to you. The best advice is to seek lawyer's advice about the legal structure of your business.

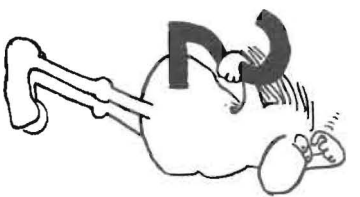
There are a number of variations. You can incorporate as a company, or a co-operative, or you may wish to remain unincorporated. Whichever you choose, there are a number of variables and conditions, so the best advice is legal advice.



## CONCLUSION

If all this sounds very complicated, and even more confusing, don't despair. There are many people within the community who would be very willing to offer advice, expertise, and other useful resources. The idea is to ask. Do not presume that a co-operative is so different that it can operate outside the normal legal and business confines — it can't. Remember too that having read this, you are by no means now equipped to head off and start your own co-operative. What you are equipped to do is to look at the idea of a co-op within a realistic framework, and to find out more. If you decide that an employment co-operative is for you, this booklet will be a starting point, and hopefully will point you in the right direction. Section 4 of this kit contains a list of agencies, articles and people who can be of help to you. This will be your best resource, so use it, and good luck!

**Can It  
Work ?**



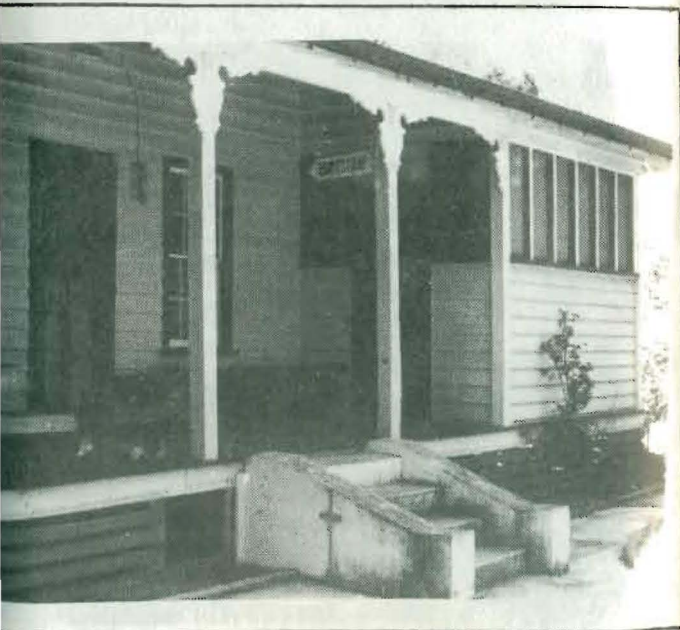


## BOOTSTRAP TRADING

### CO-OPERATIVE

In November 1978 Marborough residents set up a co-operative with the specific aim of increasing employment opportunities available in the town. Seven honorary directors, elected at a public meeting, considered a number of community suggestions and decided to begin work on the idea of making saleable items from chamois leather.

Since that time the co-operative has employed two people on full-time award wages, producing a wide range of chamois leather items. Women's loose-fitting blouses, vests, waistcoats, berets, glasses cases, pencil cases — you name it, Bootstrap seems to have tried it.



The survival of the co-operative owes much to the tenacious commitment of many volunteers. Judy Munster, until recently a member of Bootstrap's Honorary Board of Directors, worked at the co-operative each day as voluntary co-ordinator, and steered the venture to a stage where it reached break-even point.



Debra Scarce, a Bootstrap worker-member sews chamois drawstring bags.

It is Bootstrap's future that co-operative members are focussing on now. A business plan has been developed which outlines ways in which the co-operative can increase its workforce from two to thirteen, in the next twelve months the growth is based on a diversification into use of split suede and sheepskin for production of clothing and a new range of accessories.

The coming year will be a busy one for Bootstrap as the co-operative attempts to ensure that its economic development is complemented by growth in worker participation and fulfillment.

## Local

## Profiles:

Producers and Recycling Co-operative

Brunswick

Bootstrap

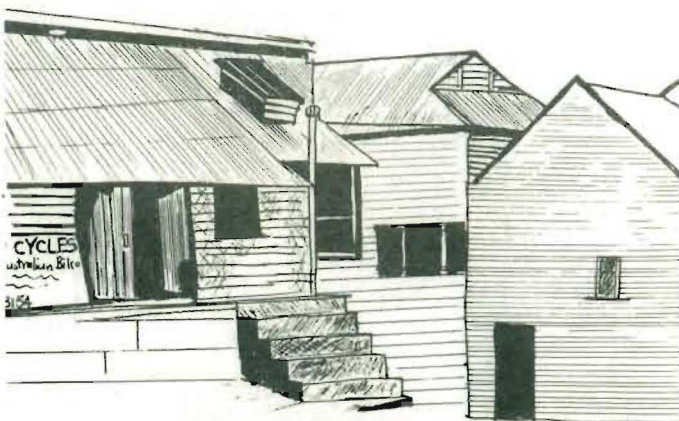


## MARYBOROUGH PRODUCERS & RECYCLING CO-OPERATIVE

Maryborough Producers Co-operative began as a school to work transition project at a local private school. Lack of room led to a shift to the present site, an old butter factory. A great deal of work was done getting the site into a condition fit for occupation, although much still needs to be done.

In December 1979 the Co-op was incorporated. This was done to provide a legal structure, and a Co-Op was felt to be the most appropriate. Using money borrowed from local businesspeople, a bike manufacturing business was purchased, making 20" family style bikes. This was added to its already existing activities of recycling, book sales odd jobs and strawberry growing.

By August 1980, 17 people were employed and earning a wage. Trouble was looming however, because although the initial run of bikes had sold reasonably well, follow up sales were slow. Although our price was reasonably competitive we were an unknown brand, and we could not afford to run an advertising campaign. Another problem was that the finish on our bikes was not quite as good as the top brands, due to a lack of capital equipment. So we fell in between the 'name' brands and the cheap imports, and found it almost impossible to sell bikes unless we had a very sympathetic shopkeeper. At the same time transport costs were making the recycling activity uneconomic, and the initial enthusiasm was wearing off, leading to people falling by the wayside.



At the beginning of 1981 we were virtually back to square one, searching for a product. Since then we have tried bicycle trailers, tricycles, and one off products such as dog carts, but have been unable to sell these in large enough quantities, again due to high price. Recently we were offered a contract to manufacture a new style of wheelchair and we are currently working on this. We hope that this will become our major product, as they appear to fulfill a need and we are able to make them for a reasonable price. Providing we are able to make necessary input of new equipment and advertising finance, we believe that our future is quite bright.

## BRUNSWICK WORK CO-OPERATIVE

Brunswick Work Co-operative was incorporated on the 21st August, 1980. It was established as a Community Employment Co-operative by 70 unemployed, residents, workers and business people from the Brunswick area.

During its period of operation it has undertaken the following businesses:-

- 1) Offset Printing: letterheads, pamphlets, small books, posters, leaflets.
- 2) Screen Printing: posters, stickers, t-shirts, fabrics, access printing and classes.
- 3) BAARC: actors, and riters collective to foster writing, performing, directing own material.
- 4) Food co-operative - retailing low cost high quality fruit and vegetables.



The co-operative has received support from the Ministry of Employment and Training and employs 4 full-time workers, 1 part-time and several casual workers as the need demands.

We are currently investigating expanding our services to include a typesetting service and enlarged graphics area and magazine production.



## GOLDFIELDS COMMUNITY RADIO CO-OPERATIVE

The initiative for the development of a community radio station in central Victoria started in early 1977. A group of interested people formed an action committee under the aegis of the Castlemaine Education Centre Ltd.

In 1977 the group formally established itself as a separate identity – the Central Victorian Community Broadcasting Association – and started working towards incorporating itself as an appropriate legal entity. At the same time the long bureaucratic process toward gaining a licence was started.

The members of the group in 1980 (numbering 450) decided that the most appropriate corporate identity for the evolving body was a Co-operative Advancement Society, and on 20th August 1980 the group was formally incorporated as Goldfields Community Radio Co-operative Ltd., under the Victorian Co-operatives Act.

A co-operative was chosen since the group's objectives and ideals were strongly aligned with co-operative principles. The whole basis of the group was to establish a media outlet in Central Victoria that was managed and shaped by the group it helped to serve – the community of Central Victoria. The management structure of the co-op was organised in such a way as to allow the maximum amount of involvement by co-operative members in decision-making and task completion.

The co-operative finally made application for a 'c' class public broadcasting licence in August 1981 and in December of that year was granted the licence. The station to be established – 3CCC-FM – will go to air in early 1982.

Since its inception the group has had a strong involvement and interest from the unemployed in the area and those interested in the plight of the unemployed. There are now 70 shareholders in the co-op and a further 400 subscribers.

## 3CCC-FM GOLDFIELDS COMMUNITY RADIO



Once on air, the station will seek to establish itself as a viable small business, eventually employing three full-time paid staff. There will, however, be over 50 unpaid voluntary staff (this is not an abuse of labour, but the provision of an outlet for the creative needs of the volunteers involved.) In addition the station will positively promulgate the plight of the unemployed and seek to promote co-operative principles and other co-operatives in the area which seek promotion. It could become a mouthpiece for co-operatives in Central Victoria.

# Local

# Profiles:

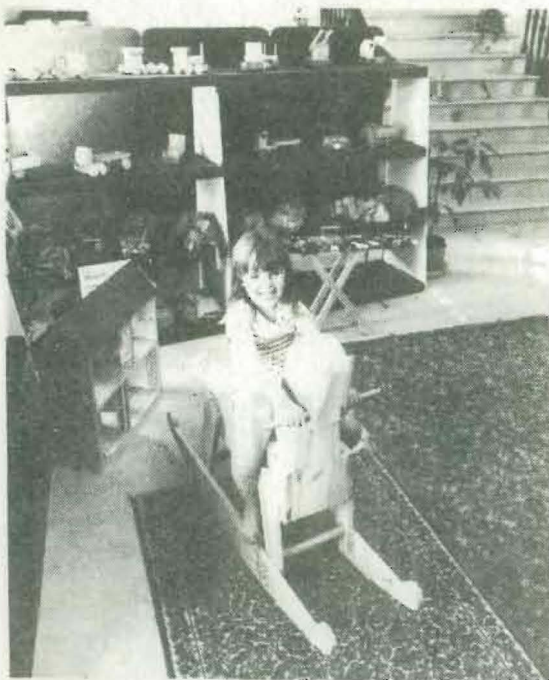
Loch and Trading Co-operative

Public Images

Goldfields Community Radio



## LOCH ARD TRADING CO-OPERATIVE



Loch Ard was formed in September 1979, and commenced active operation in November of that year. Shares were offered throughout the local community who have actively supported the establishment of the co-op, with over 250 persons having bought shares to date. Minimum paid up shareholding is \$5, with about \$2,500 capital having been paid up. Members fall broadly into "passive supporters", and "active participants" — the latter being predominantly crafts people and hobbyists supplying our retail outlets, and those involved on the Board and committees.

Loch Ard's major activity has been the operation of a retail outlet for the goods of local crafts people — members. This shop turned over about \$20,000 worth of goods in the 1980-81 year. Additionally a "health foods" section has been established and is rapidly expanding.

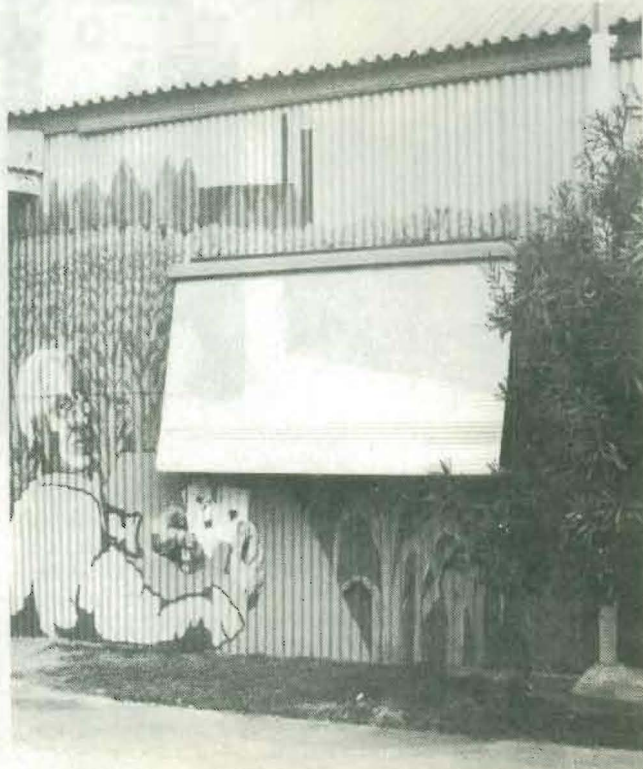
For a period in 1980, a telephone odd-job referral service was operated, but the organisational resources required proved over-taxing. Loch Ard regularly organises open-air markets in a square in Warnambool business area. These are open to all home-grown and hand-made goods.

In early 1981 a recycling centre was established in conjunction with the Warrnambool City Council. This is adjacent to the entrance of the Municipal tip and encourages patrons to leave bottles, papers and recyclables for sorting, stacking and sale to industry or agents.

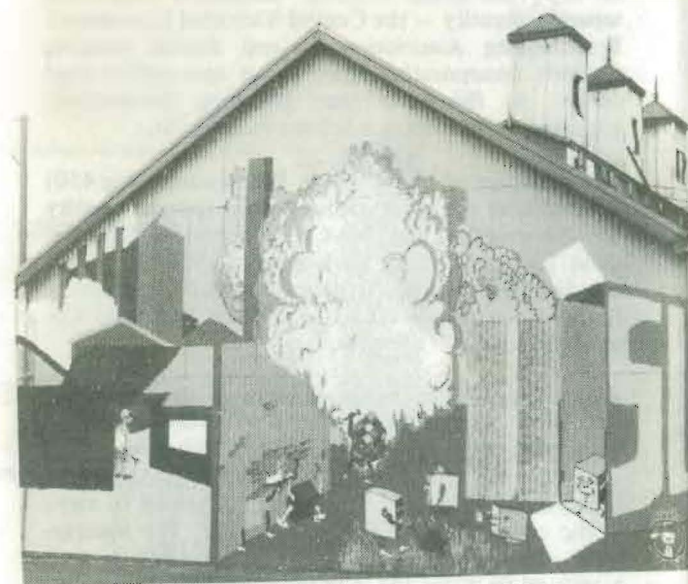
Planned developments for 1982 and 1983 are:

- improved marketing and promotion of established activities.
- introduction of direct production of craft-type products.
- provision of facilities and assist crafts people.
- upgrading of the recycling
- Loch Ard is also planning to be active in wholesaling craft work in the Warnambool area.

## PUBLIC IMAGES



"Public Images" has existed as a group since early May, 1981. The group was formed to develop job opportunities for unemployed young people through the painting of public murals. "Public Images" developed out of the "Flying Arts Squad" for which is the existing EPUY (Education Program for Unemployed Youth) Group. The young people were leaving EPUY at the termination of their training program, but were interested in mural painting and wanted to do more work.



Through their involvement in work processes, common interest was expressed in continuing the mural group, and attempting to make a career out of it. Thus "Public Images" was formed. The group is now in the process of forming a co-operative. It has existed as an informal co-operative since the beginning, but the need for a business identity, legitimacy and validity to procure subsidies has necessitated formal incorporation.

The group has received a lot of community support from Williamstown centres, services, and individuals. Public Images has already completed a number of impressive works, including the Community Outreach Centre at Williamstown, Essendon CYSS and CSR. A number of other projects are already being discussed for the future.



# **NSW and Mondragon**

## NEW SOUTH WALES

The New South Wales Worker Co-operative Development Programme has been in operation since February 1979, and is administered through the Department of Youth and Community Services. Two representatives from the Department, one representative from the Co-operation Federation of NSW, the Trainer and Education Consultant, the Co-operative Management Advisor, and three elected members of the Programme constitute the Worker Co-operative Development Committee, which approves or rejects submissions.

Originally the main aim of the Programme was to provide Government funds to support community groups attempting to establish self-help ventures in dealing with long-term employment. Since its inception it has undergone a number of changes, and the emphasis has now gone from part-time and casual work to full-time employment. As of June 1981 there were six metropolitan co-operatives operating in Sydney, and nine throughout country New South Wales. Employment was provided for 177 persons, 116 of whom were full-time, and the success rate of the businesses set up compared very favourably with that of other small businesses in NSW. Jobs were being created at a cost of about \$6,000 per head, which is almost seven times cheaper than any previous government programme.

The NSW Programme places a heavy emphasis on the need for education and training, and the Advisory Unit of the Co-operative Development Programme now employs a person to service these needs. Training education skills are provided to boards, management and members of Co-operatives in the areas of co-operative principles and practice, the movement in NSW, and the development of business structures and planning, how to hold meetings, how to acquire resources, and so on.

An important aspect of the programme in NSW is the system of sub-committees which concentrate on areas such as Marketing, Advertising, Public Relations. Members serve on the committees in rotation so that a wide range of skills are developed and encouraged. This ensures that co-operatives in NSW have a strong internal structure on which they can rely if the Advisory Unit or the Programme itself is altered or abolished.

The Worker Co-operative Development Programme in the future will continue in its efforts to prevent or solve unemployment by helping new groups set up, and by encouraging failing small businesses to convert to a co-operative structure. Future plans also include an intensive education and training scheme and the establishment of a Worker Co-operative Bank.

## MONDRAGON

The Mondragon Co-operative group in Northern Spain consists of about 70 enterprises centred on a local savings bank. The bank is the central link which not only provides financial backing but also acts as a Management consultant, co-ordinator and promoter. Although it is not without its hares of critics, Mondragon's success of over 20 years is often used as evidence that co-ops can work.

In 1943, a Spanish priest founded a technical college in the small town of Mondragon. In 1956 five of the graduates returned to the town and set up a worker-owned enterprise of 13 members. They attempted to put into practice the ideals of work which they had been taught – that people should work for mutual and community benefit and that this is only possible if they control their own work.

The group has progressed a long way since 1956 and its provisions now include schooling, housing, producer co-ops, the bank, and a health service. "In a startling display of culturally based entrepreneurialism, there were by 1976, 62 Mondragon enterprises operated by some 14,000 worker-owners with an annual turnover of \$185 million."

The success of the Mondragon group is probably linked to local historical and geographical factors, but other important features could be transported elsewhere.

- (i) Capital commitment of all workers:  
Workers are expected to pay 1000 on joining the group, though this can be done in the form of wage deductions over a two year period. The worker is then entitled to a normal share of all profits, though these are reinvested in the enterprise until he/she leaves. The advantage to the worker is derived from the share of profits, and lies in the continued success of the enterprise – were it to fail the advantage would be lost. Motivation is thus maintained at a high level because of this system of individual ownership, since the financial success of the individual and the enterprise are one and the same.
- (ii) Management:  
The Management Service Division of the bank provides the staff to service enterprises. It is responsible for economic forecasts and planning, co-ordination, of co-operatives, and the undertaking of feasibility studies for new co-ops. There is a strong commitment to, and acknowledgement of, the continuing importance of sound management to the Mondragon system.

Certain rulings ensure that Management and worker remain united by not allowing top and bottom strata wages to differ too greatly, and by keeping minimum wages at a comparable level.

Thus Mondragon, whilst benefitting from a social and political history which is conducive to strong local support, has initiated certain guidelines which could be transported elsewhere. The system of individual ownership and the commitment to strong, competent management for example, are basic to the success of the co-operative.



# Video: Up and Running..



The video 'Up and Running' was made by Open Channel with the funds provided by the Ministry of Employment and Training, the Co-operative Federation of Victoria and the Vocational Orientation Centre. There are a growing number of community employment co-operatives in Victoria and the video details both the work involved in setting up and maintaining employment co-operatives and some of the problems encountered in that process. Eleven such co-operatives receive assistance from the Ministry of Employment and Training under its Co-operative Development Program. That assistance takes the form of business advice in all stages of development. Several more groups are in varying stages of preparing sound business plans – the essential foundation for any submission for Ministry assistance.

*Bootstrap Trading Co-operative*, the main focus of the video, was established to create employment opportunities in Maryborough. The manufacture of garments and gift ware using chamois leather took full advantage of Maryborough local resources – the tannery which produces chamois and the availability of skilled machinists.

- o Did the video convey the extent and the nature of the Maryborough community support for *Bootstrap*?
- o Do you think there is sufficient firm commitment in your local community to establish and maintain an employment co-operative?

\* Employment co-operatives are often set up by concerned people for the unemployed.

- o Do you think it is feasible for the unemployed to establish an employment co-operative on their own behalf?
- o What resources (skills, assistance, community support etc.) would unemployed people need to establish and maintain a viable co-operative business?
- o Do co-operatives need people with sound business skills in order to survive?
- o What are the advantages and/or disadvantages of having a co-operative set up by concerned local people?

\* One of the Directors in *Bootstrap* stated that 'ideas don't buy materials or pay wages'.

- o What other things are needed to make a co-operative viable as a business?
- o List the products and services (ideas) which might be worth developing as a basis for an employment co-operative.

\* Each community has its own resources – raw materials available, buildings, people with a variety of skills, sources of financial assistance etc.

- o List the main local resources which could be used to establish an employment co-operative.

It is suggested in *Up and Running* that the split between management and labour is avoided in a co-operative by involving workers in all decision-making.

- o Was that claim clearly supported in the video?
- o Who managed *Bootstrap*? Who made day-to-day management decisions?
- o Overall, what advantages do you see in working in a co-operative?

\* Debbie, one of the workers in *Bootstrap* is now a Director on the Board. She mentioned there were problems involved in that new role but that they were being worked out.

- o Were these problems or the solutions to them detailed in the video?
- o What skills do co-operative Directors need? List the main qualities you think are essential for Directors in a co-operative.
- o What are some of the factors which might hinder workers becoming more involved in the management of their co-operative work place?

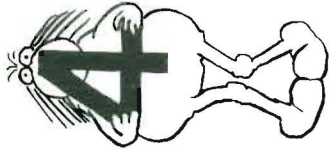
\* *Up and Running* showed some of the problems encountered by *Bootstrap*, lack of funds, initial product failure, etc. It also noted some of the solutions to those problems.

- o Do you think any of those problems could have been avoided? How?
- o What do you see as the main problems which would beset employment co-operatives?

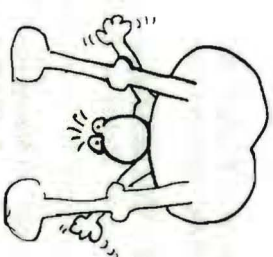
Enquiries about *Up and Running* should be made to Open Channel on 419 5111.



**But You  
Need  
More ...**



## **Contents:**



**reading lists**  
**useful contacts**

## SELECTED READING

### A. General

Bamfield, Joshua, 'How Co-operative are the Co-ops?' *Worker's Control*, 1980 no. 3 pp16-18

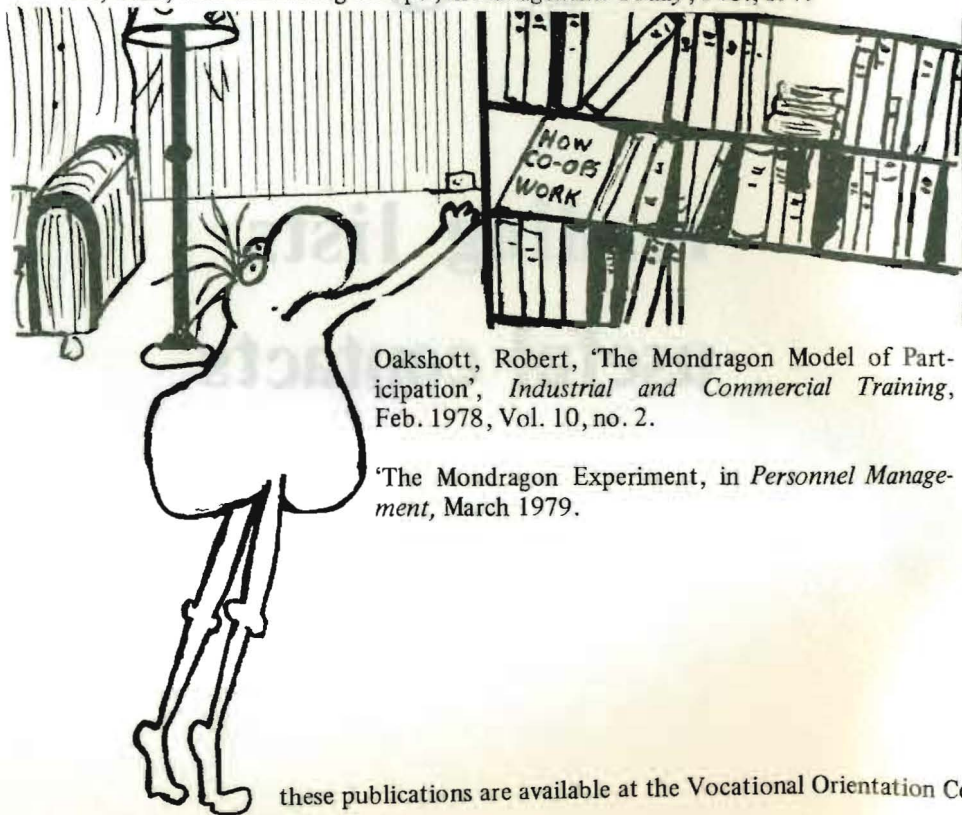
Derrick, Paul, 'Establishing Co-operatives', in *Industrial Participation*, Winter 1978/9 no. 565, also in same journal 'Co-operative and Common Ownership Developments in the UK', pp 15-19

Griffiths, David, 'The Co-operative Development Program', paper presented at Community Employment Co-operative Conference (Ballarat, 23-24 May 1981)

Griffiths, David, 'Co-operatives in a Political World', paper presented to Centre for Continuing Education's Working together Conference, (Canberra 2-4 July 1981)

Johnson, A.G., and Whyte, W., 'The Mondragon system of worker production co-operatives', *Industrial and Labour Relations Review*, vol. 31, no. 1. October 1977.

Lester, Tom, 'The Crumbling Co-ops', in *Management Today*, Feb., 1979



these publications are available at the Vocational Orientation Centre.

### B. Small Businesses

Kinross, J. and Shaw, S. *Minding Your Own Business*, (Cassell, Australia, 1981)

Parsons, C. and Newsletter, A. *Work for Yourself*, (Pan, London, 1980)

Small Business Series,  
vol I, *Simply Managing, or Managing Simply*  
vol III, *Product Design and Development*

The Association of Worker Co-operatives in Sydney has a resource library from which members are free to borrow. For membership details contact:

Association of Worker Co-operatives,  
265 Castlereagh St., Sydney, 2000  
(P.O. Box 48 Brickfield Hill, 2000)

Membership allows borrowing rights, information services and includes a subscription to 'Worklink'.

Wintour, Patrick 'Labour in Co-operative plan Row', *New Statesman*, April 17, 1981, pp 8,13

O'Toole, James 'The Uneven Record of Employee Ownership', *Harvard Business Review*, November-December, 1979, pp 183-197

Knapp, J.G. 'Are Co-operatives Good Business?' *Harvard Business Review*, Jan/Feb, 1975, pp 57 ff.

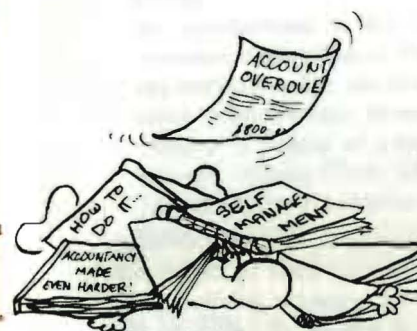
Backerra, Mike 'Workers' Co-operatives: Creating your own jobs', *EFFE Working Paper no. 6* 1979

Griffiths, David  
'Alternative Legal Forms and Procedures'  
'Getting Started'  
'Getting Finance'  
'In Business'  
Series on Co-operatives for Ministry of Employment and Training, 1981.

*Managing A Community Employment Co-operative*  
Ministry of Employment and Training, 1981.

Conforth, Chris  
'Trade Unions and Producer Co-operatives paper presented at Co-operative Research Unit, Open University (Milton Keynes, Feb., 1981)

Donovan, Michael  
'Worker Co-operative Businesses: How they should be run marketing of Worker Co-operatives products', (presented at 'Working Together' Conference, ANU, July 1980)





## USEFUL AGENCIES

### The Co-operative Federation of Victoria

#### What is it?

The Co-operative Federation of Victoria was formed in 1970, and membership consists of Agricultural, Housing, Insurance, and Credit Co-operatives. More recently this also includes the Community Employment Co-operatives. It is affiliated with the Co-operative Federation of Australia and is a funded organisation which acts as a Co-ordinating body between the Ministry of Employment and Training, and those Co-operatives involved in the Co-operative Development Programme. Policy is developed by a council of 10 elected members, including one representative from the work co-operatives group, together with a member of the State government Co-operative Advisory Council.

#### What does it do?

The Federation aims to:

- provide advisory and consultative services to co-operatives
- co-ordinate and represent the interests of co-operatives to government and community organisations
- promote the development of co-ops within the community.

#### Why join?

Not only is registration a pre-requisite for funding under the Co-operative Development Programme, but it also enables a co-operative to avail itself of the services offered by the Federation — including those of the Co-operative Advisor of the Development Programme, Brian Greer. It is in the best interest of co-ops to take a united approach to common problems, and the federation can provide an effective vehicle in co-ordinating such an approach.

### Steering Committee

The Work Co-operative group consists of all those members of the Victorian Co-operative Federation who are registered with the Registrar of Co-operatives and are incorporated to provide employment. A steering committee was started informally when a number of employment co-operatives began meeting to discuss common issues. Since then attendance at steering committee meetings has become a pre-requisite for receiving government funding under the Co-operative Development programme, and each co-op designates one member to sit on the committee.

The Steering Committee aims to:

- set policy — direction for the work co-operative group
- represent employment co-op interests to government, opposition, trade union and other organisations
- arrange co-operative education functions for members, supporters and others interested
- publicise and promote the existence of employment co-operatives in Victoria
- foster the continued growth of group support among co-ops.

Achievements of the Steering Committee during the 1981 year, include:

- a conference held in Ballarat in May. This sought to discuss issues and problems common to employment co-ops
- to learn from the experience of other programmes, and to set directives for future action
- the appointment in July of a Co-operative Advisor to be located with the Co-operative Federation of Victoria
- appointment of 2 members of the Steering Committee to the Funding Committee (Des Webster, Brunswick and Tony Gill, Ballarat)
- election in August of a representative to the Council of the Co-operative Federation of Victoria (Tony Gill, Ballarat)
- The first issue of a regular newsletter, 'Co-operative Review'
- first joint marketing activity at the Royal Melbourne Show
- a series of business workshops and conferences held in December 1981

The Steering Committee has a number of sub committees which aim to concentrate energies in areas recognised as being of specific importance to employment co-operatives:

- education and training
- publicity
- newsletter.

### Funded Co-operatives

Tony Gill  
Ballarat Employment Co-operative  
32 Lydiard Street,  
Ballarat, 3350 Telephone: (053) 316 541

Terry White  
Bootstrap Trading Co-operative  
Johnson Street,  
Maryborough, 3465 Telephone: Coop (054) 61 2050

Loch Ard Trading Co-operative  
60 Liebig Street,  
Warrnambool, 3280 Telephone (055) 62 6388

Des Webster  
Brunswick Work Co-operative  
173 Albion Street,  
Brunswick, 3056 Telephone: (03) 383 3087

Judy Williams  
Turkish Women's Association  
575 Elizabeth Street  
Melbourne, 3000 Telephone: 328 2421

Peter Davis  
Malvern Learning Exchange  
430 Waverley Road,  
East Malvern Telephone 211 5413

Public Images  
Richard McCracken  
Community Outreach Centre  
3 Freyer Street  
North Williamstown Telephone: 397 7349

Leo Wigney  
16 Gowrie Street  
Shepparton, 3630 Telephone (058) 21 8374

Essendon Job Creation Centre  
Cnr Kellaway and Pascoe Vale Roads  
Moonee Ponds 3039 Telephone: 370 2111

Rob Hudson  
Frankston NEDP  
C/- Community Resource Centre  
31/33 Davey Street  
Frankston 3199 Telephone: 781 3555

Jeff Langdon  
Goldfields Community Radio  
13 Mosten Street  
Castlemaine 3450 Telephone: (054) 74 2511

### Unfunded Co-operatives/Groups

Wanderford  
Jeanette Wright/Sue Riley  
Flat 6/41 The Broadway,  
Elwood  
Tel 531 6006  
Sue Riley 528 2638

Craig Smith/Pauline Pope  
The Factory  
36-44 Cambridge Street,  
Collingwood, 3066 Telephone: 417 1093

John Lemar  
Group Involvement  
PO Box 357  
Morwell 3840 Telephone: (051) 34 5622 (h)

Peter Cox  
Terang CYSS  
7 Thompson Street,  
Terang, 3264 Telephone: (051) 92 1745

Ken Leehane  
St Kilda Food Co-op  
PO Box 3  
St Kilda South 3182 Telephone 534 7893 or  
Sue Herbst 534 2166

Eric Charrett  
WORCO The Ice Works  
Witham Street  
Hawthorn, 3122 Telephone:  
WORCO 819 4971

Robyn Smith  
PO Box 760  
Geelong Telephone: (052) 26 4540

Jean Chapman  
Warrandyte Community Workshop  
Pigeonhank Lane  
Warrandyte, 3113 Telephone: 844 3326

Richard Beer  
Community Co-operative Workshop  
Sherbrooke Telephone 750 1036

David Lloyd, Bill Williams  
Maryborough Producers and Recycling Co-operative  
165 Railway Street,  
Maryborough, 3465 Telephone: (054) 61 3151

## OTHER USEFUL ADDRESSES

(correct as at December 1981)

Co-operative Federation of Victoria, 225 Swanston Street, Melbourne. Telephone: (03) 663 1674

Australian Taxation Department, 350 Collins Street, Melbourne. Telephone: (03) 602 0242

Trades Hall Council, rear 54 Victoria Street, Melbourne. Telephone: (03) 662 3511

Department of Economic Development, 228 Victoria Parade, East Melbourne 3002. Telephone: (03) 418 8200

Family and Community Services Programme, Department of Community Welfare Services, 55 Swanston Street, Melbourne 3000. Telephone: (03) 654 422

Forests Commission, 1 Treasury Place, Melbourne 3000. Telephone: (03) 651 1068/1190/1198

Registrar of Co-operatives, Myer House, 250 Elizabeth Street, Melbourne 3000. Telephone: (03) 669 1100

Small Business Development Corporation, 100 Exhibition Street, Melbourne 3000. Telephone: (03) 63 9825

Victorian Development and Promotion Corporation, 11th Floor, Stock Exchange House, 351 Collins Street, Melbourne 3000. Telephone: (03) 654 1944

Department of Trade and Resources, 424 St Kilda Road, Melbourne 3004. Telephone: (03) 26 6901

Export Development Grants Board, GPO Box E 349 Canberra, ACT 2600

Commonwealth Development Bank of Australia, 367 Collins Street, Melbourne. Telephone: (03) 62 0141.

Australian Resources Development Bank Ltd., 379 Collins Street, Melbourne. Telephone: (03) 62 5243

Primary Industry Bank of Australia Ltd., 303 Collins Street, Melbourne. Telephone: (03) 61 2645

Vocational Orientation Centre, 42 Cardigan Street, Carlton. Telephone: (03) 347 7611



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*Compiled by Jenni Dwyer  
Designed by Helga Binder and Jeannette Feuelon*

*Printed by Brunswick Work Co-operative  
Typesetting by Correct Line Graphics Co-operative*